

Message Text

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PAGE 01 PARIS 19593 01 OF 02 201545Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 XMB-02 AGR-05 AID-05 CEA-01
CIAE-00 COME-00 EA-10 FRB-03 INR-10 IO-13 NEA-11
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01
OMB-01 SS-15 OIC-02 SSO-00 ICAE-00 INRE-00 L-03
/112 W

-----003397 201611Z /40

O R 201420Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 3533
INFO AMEMBASSY ANKARA
AMEMBASSY BONN

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 19593

USOECD

E.O. 11652: N/A
TAGS: EFIN, EAID, TU, OECD
SUBJECT: INFORMAL MEETING OF OECD TURKISH CONSORTIUM
JUNE 27

REF: A) PARIS 19397, B) STATE 141557

1. FURTHER TO REFTEL A, CONVOCATION OF INFORMAL
CONSORTIUM MEETING FOR JUNE 27 HAS NOW BEEN CONFIRMED.
AGENDA IS TRANSMITTED BELOW UNDER PARAGRAPH 2 AND
TEXT OF EXPLANATORY LETTER FROM CONSORTIUM CHAIRMAN
GIEL IS TRANSMITTED BELOW UNDER PARAGRAPH 3. DOCUMENT
C/T(78)13 BEING HAND-CARRIED TO LAASE (EUR/RPE) BY
JAMES SHINN (EA/EP) RETURNING TO WASHINGTON JUNE 21.

2. TEXT OF AGENDA IS AS FOLLOWS:

BEGIN TEXT
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PAGE 02 PARIS 19593 01 OF 02 201545Z

CONSORTIUM FOR TURKEY
37TH SESSION TO BE HELD AT THE CHATEAU DE LA MUETTE,
STARTING ON TUESDAY, 27TH JUNE 1978, AT 10.30 A.M.

AGENDA

1. ADOPTION OF THE AGENDA C/T/A)78)3
2. TURKEY'S EXTERNAL FINANCING REQUIREMENTS IN 1978
DOCUMENTS:
DEBT RESCHEDULING AND FINANCING THE
BALANCE-OF-PAYMENTS DEFICIT IN 1978:
SOME UNRESOLVED ISSUES C/T(78)13
3. MEDIUM-TERM ASPECTS OF THE WORK OF THE CONSORTIUM
4. OTHER BUSINESS

END TEXT

3. LETTER FROM CHAIRMAN GIEL DATED JUNE 19 IS AS
FOLLOWS:

BEGIN TEXT

DEAR SIR,

AT THE LAST MEETING OF THE CONSORTIUM, 17TH TO 20TH
MAY, 1978, THE POINT 4 OF THE AGENDA: "FUTURE CONSORTIUM
ASSISTANCE (GUARANTEED EXPORT CREDITS AND OTHER LOANS)"
COULD NOT BE COMPLETED IN VIEW OF THE LATE HOUR. IN
MY CLOSING STATEMENT I THEREFORE ASKED DELEGATES TO
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PAGE 03 PARIS 19593 01 OF 02 201545Z

URGE CAPITALS TO TAKE EARLY AND POSITIVE ACTION IN THIS
REGARD. I ALSO SAID A FURTHER MEETING WOULD BE CALLED
IN A FEW WEEKS' TIME WHEN THIS ITEM WOULD BE AN
IMPORTANT PART OF THE AGENDA.

ON FRIDAY, 16TH JUNE, MR. WOOTTON, MR. KUEHN AND
MYSELF MET THE TURKISH FINANCE MINISTER,
MR. MUEZZINOGLU, AND HAD OCCASION TO REVIEW WITH
HIM THE PROGRESS OF TURKEY'S STABILIZATION PROGRAMME
AND TO DISCUSS WITH HIM AT SOME LENGTH TURKEY'S
IMMEDIATE NEEDS FOR FURTHER FINANCIAL SUPPORT.
MR. MUEZZINOGLU EXPRESSED HIS GRATITUDE FOR THE
SPEED WITH WHICH THE DEBT RESCHEDULING HAD BEEN
UNDERTAKEN BY MEMBERS OF THE CONSORTIUM. HE HAD TAKEN
THE NECESSARY STEPS TO COMMENCE BILATERAL
NEGOTIATIONS IN THIS REGARD. IT HAD BEEN HIS UNDER-
STANDING THAT GUARANTEED EXPORT CREDITS WOULD BE
REOPENED FOLLOWING THE MULTILATERAL AGREEMENT ON DEBT
RESCHEDULING CONCLUDED IN PARIS. HE UNDERLINED THAT
TURKISH ENTERPRISES WERE IN GREAT NEED TO OBTAIN
RAW MATERIALS AND OTHER INDUSTRIAL INPUTS, WHICH WERE
IN SHORT SUPPLY BECAUSE OF THE FOREIGN EXCHANGE

BOTTLENECK. HE ALSO EXPRESSED CONCERN AS REGARDS

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PAGE 01 PARIS 19593 02 OF 02 201552Z
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O R 201420Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 3534
INFO AMEMBASSY ANKARA
AMEMBASSY BONN

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THE UNRESOLVED ISSUE OF REFINANCING NON-GUARANTEED TRADE
ARREARS. THE MINISTER SAID THAT HE WISHED TO EMPHASIZE
TO MEMBERS OF THE CONSORTIUM THE IMPORTANCE FOR TURKEY
TO QUICKLY COMPLETE ROLLING OVER ALL OF THE SHORT-TERM
DEBT BURDEN, AND TO OBTAIN THE ADDITIONAL FINANCE
NEEDED FOR IMPLEMENTING THE 1978 ECONOMIC PROGRAMME.
EVIDENTLY, THIS COULD NOT BE ACHIEVED SOLELY THROUGH
PRIVATE COMMERCIAL CHANNELS. MR. MUEZZINOGLU
THEREFORE ASKED ME TO CALL A CONSORTIUM MEETING (AS
WAS ALREADY PROVISIONALLY ANNOUNCED) BEFORE THE SUMMER
BREAK, TO DISCUSS TURKEY'S EXTERNAL FINANCING NEEDS FOR
THE CURRENT YEAR.

I SHOULD LIKE, THEREFORE, TO CONFIRM THAT A MEETING OF
THE CONSORTIUM WILL TAKE PLACE ON 27TH JUNE, 1978,
STARTING AT 10.30 IN THE MORNING. AN AGENDA TO THIS
EFFECT IS ATTACHED. THE SECRETARY HAS PREPARED A REPORT
ON THE REMAINING EXTERNAL FINANCIAL GAP FOR 1978
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PAGE 02 PARIS 19593 02 OF 02 201552Z

(DOCUMENT C/T(78)13) AND - GIVEN THE CONSTRAINT OF TIME - I HAVE ARRANGED FOR THE DISTRIBUTION OF TWO PHOTOCOPIES OF THIS REPORT TO DELEGATIONS BEFORE THE PRINTED DOCUMENT BECOMES AVAILABLE, SOMETIME THIS WEEK. THE REPORT WILL BE THE BASIS FOR WHAT I HOPE SHALL BE A DETAILED AND FRUITFUL DISCUSSION, WITH REASONABLY POSITIVE OUTCOME, OF TURKEY'S EXTERNAL FINANCING NEEDS FOR THE REMAINDER OF THE CURRENT YEAR.

IT IS VERY PROBABLE THAT THE TURKISH AUTHORITIES WILL CONTACT MEMBER GOVERNMENTS IN THE NEXT FEW DAYS THROUGH DIPLOMATIC CHANNELS TO EMPHASIZE THE IMPORTANCE THEY ATTACH TO SOLVING THIS ISSUE.

A SECOND POINT FOR DISCUSSION WILL BE THE ORGANISATION OF THE WORK OF THE CONSORTIUM IN REGARD TO MEDIUM-TERM ISSUES. THIS WILL INCLUDE, FOR EXAMPLE, THE QUESTION OF THE EXAMINATION OF TURKEY'S NEXT FIVE YEAR PLAN, THE PREPARATION OF A LIST OF PROJECTS FOR EXTERNAL FINANCING, AND CO-FINANCING. THERE WILL BE NO SPECIFIC PAPER, BUT ONE OR TWO DELEGATIONS HAVE INDICATED THAT THEY MIGHT WISH TO SPEAK ON THE SUBJECT.

BEFORE TERMINATING THIS LETTER, IT IS MY PLEASURE TO INVITE HEADS OF THE DELEGATIONS TO THE MEETING TO LUNCH, 13.00 O'CLOCK, ON 27TH JUNE.

END TEXT
SALZMAN

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